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Head of CIA 'cover firm' convicted on 94 charges

By The Associated Press

HONOLULU — A former investment counselor who claimed his firm was set up for CIA covert operations was convicted Monday of 94 counts of fraud, perjury and tax evasion stemming from the company's collapse that cost investors at least \$10 million.

The U.S. District Court jury issued its decision against Ronald R. Rewald on its fourth day of deliberations following an 11-week trial.

Rewald, who sat motionless as the verdict was read, had been indicted on 98 counts stemming from the August 1983 collapse of his investment firm Bishop, Baldwin, Rewald, Dillingham & Wong.

The convictions carry sentences of more than 400 years in prison. Had he been convicted on all counts, the maximum sentence could have been nearly 500 years. Sentencing is set for Dec. 9.

"Justice was served," said Assistant U.S. Attorney John Peyton. "Mr. Rewald was not able to confuse this jury."

Authorities estimated that 400 investors placed \$22 million in the company, and that Rewald spent several million dollars of it on a short-lived but lavish lifestyle that included a fancy home, several cars and a polo club.

About \$10 million had been recovered and returned to investors, FBI Special Agent Glenn Martin has said.

Defense attorneys said they

would appeal the verdict.

Rewald contended he was a CIA agent posing as a wealthy businessman and claimed the agency promised to protect Bishop Baldwin from scrutiny and to use it for covert assignments.

But during the trial, Judge Harold Fong limited the amount of CIA-related evidence the defense could introduce. The CIA has acknowledged it used the firm to provide commercial cover for agents, and that Bishop Baldwin provided telephone and telex services to the agency. The spy agency denied any links to the company's financial activities.

Fong refused to allow Rewald to testify about a sealed affidavit filed as part of bankruptcy proceedings. In the affidavit, Rewald outlined his alleged ties to the CIA.

But Fong said, "For the defendant to claim that he needs to disclose all of the classified information to which he has become privy indicates his desire to defend by graymail."

Graymail is an attempt to raise a defense that requires disclosure of classified information in hopes that prosecutors will drop a case rather than expose secrets.

Among those who testified was Jack Lord, star of the old television series "Hawaii Five-0." Lord's name appeared in the company's organizational chart, but he told a packed courtroom that it was used without his knowledge or consent.